

HB 227 -- QUALIFIED EQUITY INVESTMENT TAX CREDITS

SPONSOR: Zerr

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Economic Development by a vote of 23 to 1.

The bill authorizes a tax credit equal to 7% of the adjusted purchase price paid to the issuer of a qualified equity investment for the third credit allowance date and 8% for the next four credit allowance dates for a qualified equity investment that was acquired after September 4, 2007, but before July 1, 2010. For a qualified equity investment acquired after August 28, 2013, the tax credit will be equal to 11% of the adjusted purchase price paid to the issuer for the third and fourth credit allowance dates and 12% for the next three credit allowance dates. The tax credits are not transferable or refundable but may be carried forward for up to five years. No more than \$25 million of these tax credits can be utilized annually.

The state is allowed to recapture credits when permissible under federal law in situations where the issuer redeems or makes principal repayment with respect to the qualified investment before the seventh anniversary of the investment's issuance; fails to invest 85% of the purchase price in low-income community investments in Missouri within 12 months of the issuance and maintain the level of investment until the last credit allowance date, or prior to the final credit allowance date; or uses the cash proceeds of the investments to make investments in qualified active low-income community businesses in excess of 25% of the cash proceeds. Any tax credit subject to recapture will be taken from the taxpayer who claimed the tax credit on a return.

The provisions of the bill will expire six years after the effective date.

PROPONENTS: Supporters say the bill provides funding for small startup companies and companies that cannot access traditional financing and are located in low-income communities.

Testifying for the bill were Representative Zerr; Ed Ryan; David Parmley, Chesterfield Hotels, Inc.; Mark Huneke, Quality Wood Products and Profile Cabinet; Linda S. Hopkins, Smoken Guns BBQ & Catering; St. Louis Regional Chamber and Growth Association; Advantage Capital Partners; Missouri Chamber of Commerce; Mayor's Office, City of St. Louis; Missouri Biotechnology Association; Rodney Crim, City of St. Louis; Bill Seddon, City of St. Louis; and Jeff Samborski, City of North Kansas City.

OPPONENTS: There was no opposition voiced to the committee.